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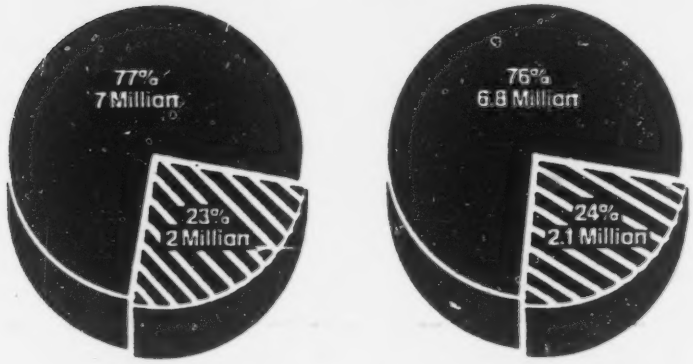
The 1981 Bicycle Market in Review

USA BICYCLE MARKET
DOMESTIC VS IMPORTS



1980
TOTAL 9 MILLION

1981
TOTAL 8.9 MILLION

DOMESTIC
IMPORTS

CHART 1

1981 was pretty nearly a flat year for the bicycle industry, dropping off from 7 million domestic shipments and 2 million imports in 1980 to 6.8 million domestic and 2.1 million imports in 1981.

Considering the deplorable state of the American economy in 1981, for bicycle sales to not have nose-dived could be considered a major business success. In fact, holding our own for what was basically a "flat" year was a real accomplishment for the bike industry.

It might be noted that the apparent increase in the market share for imports could be misleading in that one domestic manufacturer alone, victimized by labor unrest and other factors, nearly doubled its import totals which pretty nearly accounts for the entire increase in imports.

There are favorable signs however. That galloping interest in BMX, increased adult awareness of bicycling for short-haul transportation and reduced retailer inventories bode well for the industry in 1982 and beyond.

Percentage-wise there was not a significant shift between domestic and imported bicycles from 1980 to 1981. Importers did not fare significantly better than domestic producers in a down market with importers showing a one percent increase in market share.

IMPORTED BICYCLES BY COUNTRY OF ORIGIN AND RANKING

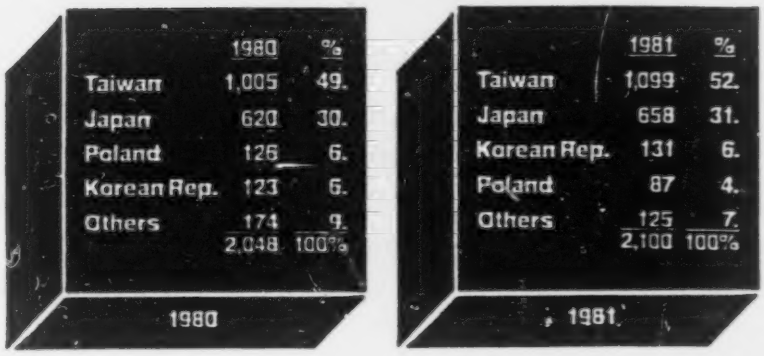


CHART 2

It seems obvious that Taiwan, Japan and the Republic of Korea almost totally monopolize the import market. Taiwan and Japan have increased their shares of the import market at what would seem to be the expense of Poland and all other countries.

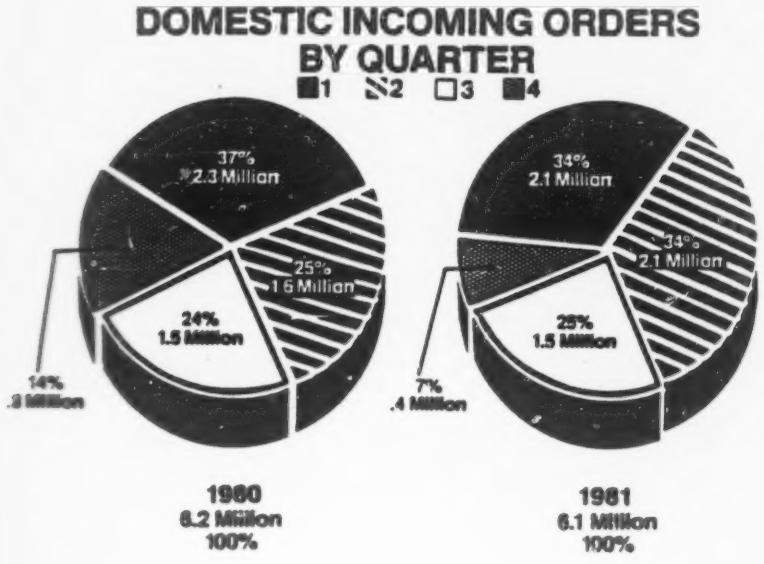


CHART 3

Any questions that anyone might have about the effect of the economy on the bicycle business need only look at the comparisons represented in this chart. First half gains in 1981 order patterns were more than wiped out by the virtual collapse in the fourth quarter. 1981 fourth quarter orders were 50 percent below last year.

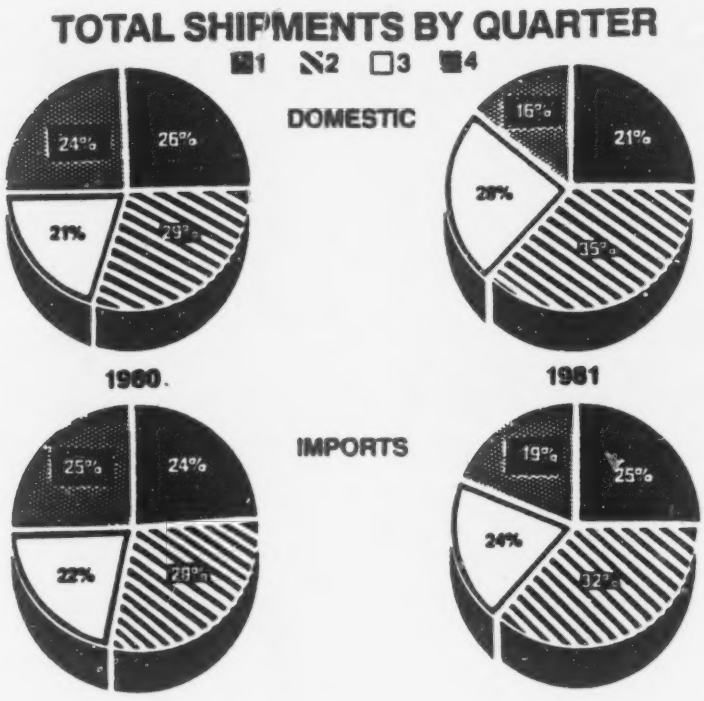


CHART 4

Here again no dramatic changes in either domestic shipments or imports occurred in the first three quarters of the year; but in the fourth quarter, however, there was an 8 percent share decline in domestic shipments and a 6 percent decline in import share. For those who are looking for trends, first half business seems to be increasing if 1980 and 1981 are any barometers. This is something of a reversal of the decade of the seventies.

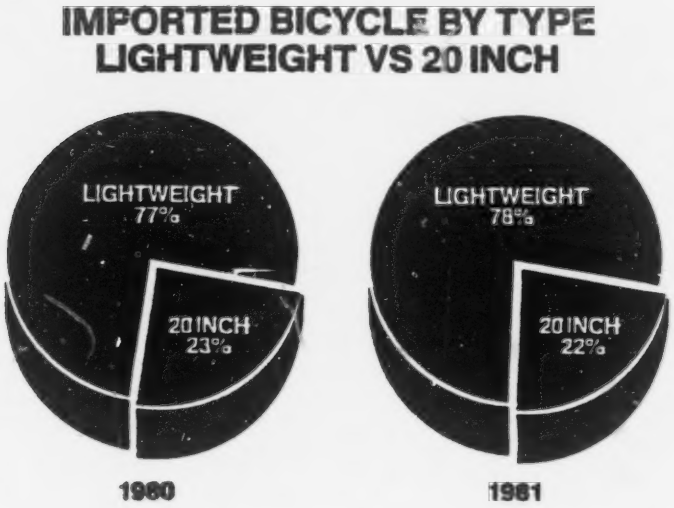


CHART 5

There appears to be no significant change in the character of the import market. Lightweights gained a percentage point in 1981 which doesn't jive with what happened in the total market.

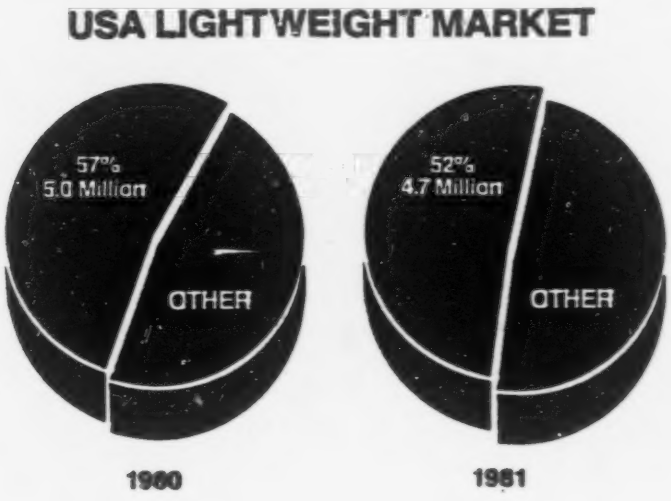


CHART 6

As can be seen here, lightweight bikes dropped from a 57 percent share or 5.0 million units in 1980 to a 52 percent share or 4.7 million in 1981 after averaging 60 percent during the decade of the seventies. BMA composite statistics not shown here are even more graphic with 1981 lightweight sales dropping to 45 percent.

DOMESTIC BICYCLE SHIPMENTS BY TYPE HUB

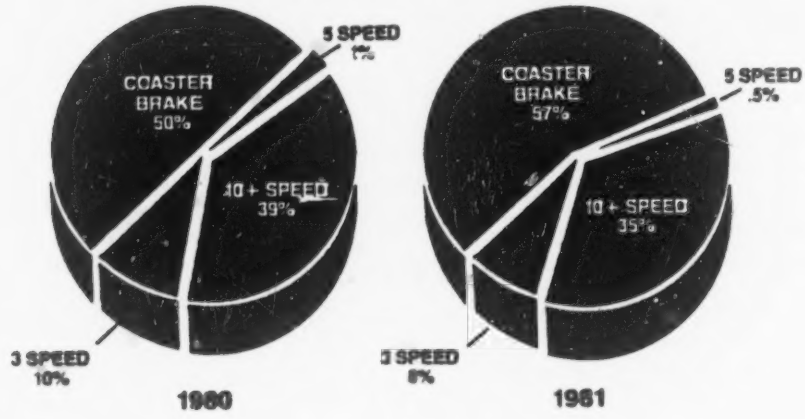


CHART 7

Coaster brake models improved their market share by 7 percent in 1981, clearly at the expense of all multi-speed units. The popularity of BMX and the growth of the cruiser market have contributed to the increase to 57 percent of total domestic shipments.

SURVEY OF BICYCLE SHIPMENTS BY BRAND NAMES

FACTORY BRAND VS. PRIVATE BRAND

TOTAL SHIPMENT 6.2 MILLION UNITS

CHART 8

In years past, domestic manufacturers pretty much split their shipments fifty/fifty between factory label and private brand bicycles. Clearly this is no longer the case as evidenced by 1981 where 65 percent of total domestic shipments were factory brand.

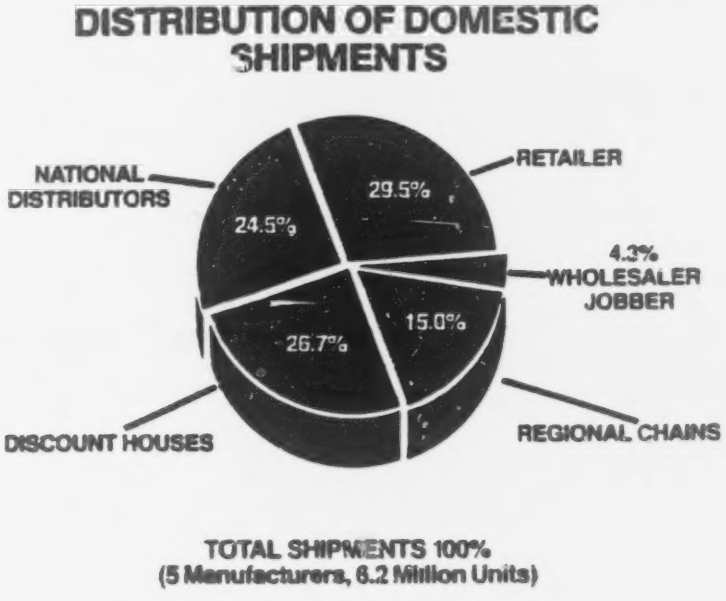


CHART 9

Using definitions agreed upon by the industry, the distribution of domestic shipments by classification of accounts for five manufacturers broke down this way. Statistically, 66.2 percent of these five companies' shipments went to national distributors, discount houses and regional chains.

USA BICYCLE MARKET
THIRTY-YEAR GROWTH

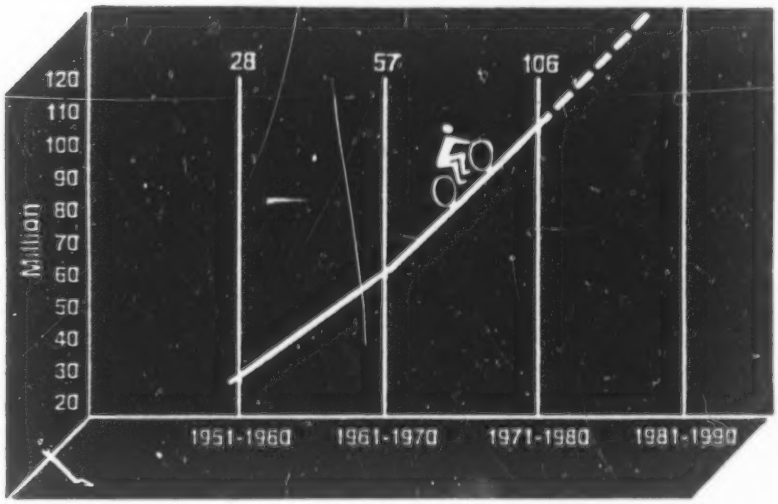


CHART 10

In spite of the flat profile of 1981 as opposed to 1980, it does seem clear that the long-range growth potential for the bicycle industry is extremely good. The bicycle industry has just about doubled its shipments in the decade of the fifties and again in the decade of the sixties, and very nearly doubled again in the decade of the seventies. More than 105 million bikes have been sold since 1972, five million more than passenger automobiles. Upward in the decade of the eighties, we have no reason to believe that the long-range trend won't continue.

BICYCLING
THE WAY TO GO

Bicycle Manufacturers Association of America, Inc.
1101 15th Street, N.W., Suite 304
Washington, D.C. 20005
(202) 452-1166

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SOME FACTS ABOUT TODAY'S AMERICAN BICYCLE MARKET

1. Annual Units in Millions: U.S. Manufacturers and Imports

Year	Domestic Shipments	Imports	Total U.S. & Imports
1960	2.6	1.1	3.7
1965	4.6	1.0	5.6
1968	6.0	1.5	7.5
1969	5.1	2.0	7.1
1970	5.0	1.9	6.9
1971	6.6	2.3	8.9
1972	8.8	5.1	13.9
1973	10.1	5.1	15.2
1974	10.1	4.0	14.1
1975	5.6	1.7	7.3
1976	6.4	1.7	8.1
1977	7.5	1.9	9.4
1978	7.5	1.9	9.4
1979	9.0	1.8	10.8
1980	7.0	2.0	9.0
1981	6.8	2.1	8.9

It is estimated that there are now 64.5 million bikes in use and 105 million riders based on a seven year estimated life span. Estimate is based on a reasonable estimate bike "life" multiplied by a unit sales factor.

2. Estimated Units in Millions for 1982

Domestic	7.0
Imports	2.1
* Total	9.1

3. Estimated Percentage of Lightweight Bike Sales to Total Sales

1969	12%	1975	58%
1970	17%	1976	50%
1971	25%	1977	54%
1972	50%	1978	62%
1973	70%	1979	59%
1974	74%	1980	56%
		1981	45%

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* BMA's formula for reaching a "ballpark" figure for the number of bicycles or bicyclists in a given area is as follows: BMA estimates more than 105 million cyclists in America, and 64.5 million bicycles. There are now 225 million Americans, according to the latest Census figures. Divide a geographical entity's (State, County, City) population into 225 million. The percentage figure realized can then be divided into bikes, cyclists for the area in question.

4. Estimated Retail Dollar Volume for 1981

Around $1 Billion

5. Estimated Potential Bicycle Market

There are 65 million bikes in use in America and more than 105 million users. (The latter figure is accounted for by rentals, families with more members than bicycles, delivery bicycles, patrol bicycles, etc.). Based on a total population figure of 225 million persons then, there are 120 million who do not own bicycles. The BMA estimates there are about 70 million who are too young, too old or incapable of driving bikes.

Thus, BMA sees a potential for 90 million new customers: the millions who use, but don't own bicycles and the other millions who neither own nor ride a bicycle at present. In these days of increasing gasoline prices and the increased costs of new and used automobiles, along with the rapidly growing network of bikeways, the bicycle industry feels there is a tremendous potential for convincing additional millions of Americans that the bicycle is not only an enjoyable and healthful recreation vehicle, but an excellent, inexpensive mode of transportation for short-haul commutation.

6. Comparison of Automotive and Bicycle Shipments

Between 1972 and 1981 more bicycles were shipped and imported than passenger automobiles. In that 10-year span, total bicycle shipments were 106 million compared to 101 million automobiles.

7. What Kind of Bikes are American Buying?

A solid mix of lightweights (3-speed and 10-speed) for teenagers, young adults and adults as well as BMX and high-rise units for juveniles and cruisers.

8. Who is the BMA?

The Bicycle Manufacturers Association, whose members produce more than 80% of all domestic bicycles, is made up of the following American bike makers:

- AMF WHEEL GOODS DIVISION
- COLUMBIA MANUFACTURING CO. - DIVISION OF MTD PRODUCTS
- HUFFY CORPORATION
- MURRAY OHIO MANUFACTURING COMPANY

And these Associate Members:

- DIA-COMPE, INC.
- ETS. HURET ET SES FILS
- EXCEL, INC.
- FIMECY
- HARRIS-THOMAS DROP FORGE CO.
- HUNT-WILDE
- MESINGER
- PERSONS-MAJESTIC
- SHIMANO AMERICAN CORPORATION
- SUN TOUR USA, INC.
- TROXEL MANUFACTURING CO.
- UNION SILS
- WALD MANUFACTURING CO.

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